

Message Text

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PAGE 01 STATE 265823
ORIGIN OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-08 COME-00 XMB-02 AID-05
TRSE-00 /032 R

DRAFTED BY OPIC/ID/MEA:JTROY:RL
APPROVED BY EB/IFD/OIA:MPBOERNER
OPIC/ID/DVP:FMCLJOHNSTON
EB/IFD/OIA:DVGRANT
AF/E:A W BAKER (SUBST)
-----103375 060902Z /23
R 051935Z NOV 77
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI

C O N F I D E N T I A L STATE 265823

FROM OPIC

E.O. 11652: GDS

TAGS: EINV

SUBJECT:KENYA FIBRE CORP OPIC INSURANCE COVERAGE

REF: NAIROBI 13564

1. OPIC SHARES EMBASSY CONCERN ABOUT KFC PROJECT. CHEMTEX HAS BEEN INFORMALLY ADVISED THAT OPEN-ENDED PROVISION (SECTION 4.03) OF JOINT VENTURE AGREEMENT PROVIDING FOR GOK ACTION TO PROTECT THE VIABLE OPERATION OF THE PROJECT FROM COMPETITIVE IMPORTS DOES NOT FALL WITHIN OPIC'S POLICY.
2. J. G. SHAMALLA, UNDER SECRETARY, TREASURY, AND J. N. ONDIEHI, DEPUTY SECRETARY OF COMMERCE AND INDUSTRY CALLED ON OPIC TO DISCUSS THE STATUS OF THE APPLICATION. WE ADVISED THEM OF OUR POLICY PROBLEMS WITH RESPECT TO THE
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PROTECTION. -

3. OPIC ALSO BRIEFED THEM ON THE RESULTS OF A STANDARD INTERNAL DEVELOPMENTAL ANALYSIS OF THE PROJECT WHICH IS ADVERSE IN SEVERAL RESPECTS. THE ANALYSIS SPECIFICALLY COVERS THE FOLLOWING POINTS: (A) THE RATIO OF FOREIGN EXCHANGE EARNINGS TO COST; (B) DOMESTIC REVENUES ACCRUING

TO GOVT AS A RESULT OF THE PROJECT; (C) THE NEED FOR TARIFF PROTECTION; (D) LOCAL CAPITAL MOBILIZATION; (E) LOCAL MARKET PRICES OF PRODUCT; (F) EFFECTS ON DOWNSTREAM INDUSTRIES;

AND (G) EMPLOYMENT. EACH ITEM AND THE CONCLUSION WAS REVIEWED SEPARATELY.

4. THE QUESTION OF TARIFF PROTECTION AND HIGHER LOCAL COSTS WAS DISCUSSED AT SOME LENGTH. MR. SHAMALLA STATED THAT GOK CAREFULLY REVIEWS THE NEED FOR PROTECTION ON AN ANNUAL BASIS AND HAS PROMISED TO SEND A LETTER TO OPIC REGARDING GOK PROCEDURES FOR REVIEW OF THE ARRANGEMENTS. KENYAN EMBASSY IS REQUESTING STATUS FROM NAIROBI.

5. DUE TO SIZE OF INVESTMENT, PROJECT MUST BE REVIEWED AND APPROVED BY INVESTMENT COMMITTEE IN OPIC. PAPERS ARE IN PREPARATION FOR A MEETING OF THE COMMITTEE AND WILL INCLUDE THE INSURANCE DEPARTMENT'S RECOMMENDATIONS. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, INVESTMENTS, FIBERS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE265823
Document Source: CORE
Document Unique ID: 00
Drafter: JTROY:RL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770409-1292
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Litigation Code IDs:
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Message ID: 5f779521-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OPIC
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 NAIROBI 13564
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 701018
Secure: OPEN
Status: NATIVE
Subject: KENYA FIBRE CORP OPIC INSURANCE COVERAGE
TAGS: EINV, KE, OPIC
To: NAIROBI
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5f779521-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009